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SIERRA CLUB

LONE STAR CHAPTER

PROJECT NO. 38533
PUC REVIEW OF ERCOT BUDGET

Comments of the Sierra Club on proposed ERCOT Budget

The Lone Star Chapter of the Sierra Club appreciates the opportunity to file brief comments on ERCOT's proposed 2024-2025 budget. In general we support the budget request, and very much appreciate the public meeting and having the opportunity to have our questions answered. We understand the need to raise the fees that support ERCOT's activity for the first time in six years given the complexity of the grid, the need to retain quality employees, the legal challenges facing ERCOT, and the multiple new responsibilities put on ERCOT, including the previous responsibility of the TRE, the need to implement new market designs and real-time co-optimization, and the new weatherization inspections. Thus, for the most part, we do not object to the new fees.

That being said, we would support a slightly smaller fee that would take care of the budget for 2024 and 2025, and then reassess the need to raise the fee in two years, rather than building in an over-recovery. We believe there are three areas where the PUCT should consider a slightly smaller budget.

First, the proposed budget increases the fee by 0.042 for a "Budgeted over-recovery to fund future-year under-recovery and maintain flat SAF rate until 2028." We would suggest that this fee be eliminated from the proposal. Second, the budget builds in 10 new positions "to improve communications, public affairs, and address legal responsibilities, primarily resulting from Winter Storm Uri." We hope the Commission will look carefully at whether all 10 positions are needed. While this charge would only lead to an increase of 0.005 per MWh in the fee, it is still worth questioning the need for an additional 10 employees. Finally, the budget assumes a cost of \$21.6 million for special

projects - or 0.044 per MWh - including "High-profile HB 1500 and overall market plan projects such as RTC, Energy Storage Single Model, State of Charge (SOC), Dispatchable Reliability Reserve ~ Service (DRRS), and Performance Credit Mechanism (PCM)." While as a market participant we clearly recognize the obligation to implement these changes, we are not sure those changes will cost that much, based on recent filings at ERCOT on the expected costs. We again hope the Commission will look carefully at whether there might be some opportunity to lessen the charges related to this item.

Summary. The Sierra Club supports an increase in the fee that all loads pay to support the functions of ERCOT, and appreciates that ERCOT and the PUCT have not raised the fee in many years. That being said, we hope Commissioners will consider whether the full proposed increase is justified, by looking at the "overcharge," the cost of new employees related to legal, communications and public relations, and the cost of special projects.

Submitted by Cyrus Reed, Sierra Club, Lone Star Chapter